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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

August 17, 2001

The Honorable John D. Ashcroft
Attorney General
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Attorney General Ashcroft:

During the 106th Congress, the Committee on Small Business held a forum on the subject of computer crime and its impact on small businesses. It was clear from the testimony provided that the law enforcement response to these types of crimes is generally inadequate. While many efforts are under way at the state and Federal level to monitor crimes on the Internet, it appears that a culture of lawlessness still pervades. This results in reduced consumer confidence and financial harm to American businesses and citizens.

One of the most significant impediments to tackling this complex issue is the difficulty of reporting and tracking these types of crimes. The overlapping jurisdictions of the relevant law enforcement agencies is creating confusion in the business community and among consumers as to whom they should report computer-related crimes.

To respond to this growing crisis, the Department of Justice and the Federal Bureau of Investigation (FBI) created the Internet Fraud Complaint Center (IFCC). The IFCC is structured as a partnership between the National White Collar Crime Center (NW3C) and the FBI. The IFCC's mission is to address fraud committed over the Internet by allowing victims of Internet fraud a convenient and easy way to alert authorities of a suspected criminal or civil violation. In addition, the IFCC provides state, local and Federal law enforcement and regulatory agencies, a central repository for complaints related to Internet fraud, allowing the information to be analyzed to determine fraud patterns, and to provides timely statistical data of current fraud trends. In recent months, the IFCC also began to explore ways in which its systems could be used to provide a central reporting point for identity theft that would allow consumers to report to all of the credit reporting bureaus at the same time through the IFCC.

In its annual funding requests to Congress, the Administration has not sought funding for this initiative. Moreover, neither the FBI nor the NW3C received specific funding from Congress for the IFCC for either Fiscal Year 2000, or for Fiscal Year 2001. Both the FBI and the NW3C have used existing funding to create, staff, obtain technical equipment and implement the IFCC. However, since the IFCC is at an early stage of development, it has by necessity expanded its operations at a very slow pace that matches the limited resources available. The lack of proper funding raises concerns that the IFCC will not be able to respond adequately to the

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lack of proper funding raises concerns that the IFCC will not be able to respond adequately to the growing crime wave on the Internet, resulting in increased on-line fraud and other more sinister crimes that continue to threaten the potential of Internet commerce.

The Department of Justice and the FBI should be congratulated for bringing this concept to operational reality. The potential of this program is enormous, both domestically and for trans-national Internet crimes. Accordingly, I urge you to ensure that proper funding for the IFCC is sought through the FBI's normal appropriations process and that this initiative is allowed to develop to its full potential. In the meantime, it would be appropriate for extra funding to be provided to the NW3C through the Office of Justice Programs.

Thank you for your consideration of this important matter. If you have any questions or would like additional information, please contact me or have your staff call Paul Conlon at 202/224-4164. I look forward to working with you on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", with a stylized, cursive script.

Christopher S. Bond

cc: Robert S. Pocica